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THE ECONOMIC IMPACT OF UNDOCUMENTED IMMIGRANTS ON PUBLIC HEALTH SERVICES IN ORANGE COUNTY

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FINAL REPORT
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by the
TASK FORCE ON MEDICAL CARE FOR ILLEGAL ALIENS.

MARCH 1978

THE ECONOMIC IMPACT OF UNDOCUMENTED IMMIGRANTS
ON PUBLIC HEALTH SERVICES IN ORANGE COUNTY:

A STUDY OF MEDICAL COSTS, TAX CONTRIBUTIONS,
AND HEALTH NEEDS OF UNDOCUMENTED IMMIGRANTS

ORANGE COUNTY TASK FORCE ON MEDICAL CARE FOR ILLEGAL ALIENS

Respectfully Submitted

To Orange County Board of Supervisors

March, 1978

Board of Supervisors

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INTRODUCTION

On May 24, 1977, the Board of Supervisors voted that a "Task Force be formed to study the question of medical care for illegal aliens" (Resolution 77-863). The Task Force members were to be drawn from a broad segment of the community. Those appointed by the Board to the Committee are as follows:

Ms. Ruth J. Alatorre (Supervisor Anthony)

Mr. Murry Cable (County Administration)

Mr. L. E. Cox (University of California, Irvine)

Mr. Amin David (Human Relations Commission - Orange County)

The Rev. Allan Deck, S.J., Secretary (Congressman Jerry Patterson's Committee on Immigration)

Mr. Ned Fox (Joint Chambers of Commerce)

Mr. Frank Guzman (Supervisor Schmit)

The Rev. H. Bruce Johnson, Chairperson (Supervisor Diedrich)

Ms. Pessa Klipstein (Grand Jury Association)

Ms. Maxine Maniss (County Administration)

Prof. Sheldon Maram (Congressman Jerry Patterson's Committee on Immigration)

The Rev. Bob Parry (Minister)

Mr. Al Peraza (Supervisor Clark)

Ms. Ruthelyn Plummer (Republican Central Committee)

Mr. Drew Renner (Supervisor Riley)

Ms. Dorothy Smith (League of Women Voters)

Ms. Roberta Thayer (American Association of University Women)

Mr. James Wisely (Democratic Central Committee)

Prof. Corinne Wood (Organized Labor)

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Rev. Allan Deck

Rev. H. Bruce Johnson

Prof. Sheldon Maram

Mr. Drew Renner

Prof. Corinne Wood

The purpose to which the Task Force addressed itself was to provide the Board of Supervisors with a picture of the economic impact of undocumented immigrants on public health services in Orange County. During the period July, 1977 to February, 1978, the Task Force examined three areas: 1) Medical costs of undocumented immigrants; 2) Tax contributions of undocumented immigrants; 3) Health care and public policy.

The Task Force has chosen to use the term "undocumented immigrant" to refer to the subjects of this study. It was felt that the term "illegal" was a misnomer, since legality of residence can only be determined by the Immigration and Naturalization Service. The term "alien" carries the connotation of one who is strange and does not belong. Many ethnic groups find the term offensive. U.S. history books refer to those from Europe as immigrants, not as aliens. The people studied are immigrants in the classical sense--people who come to the U.S. to improve their lives.

EXECUTIVE SUMMARY

The Task Force on Medical Care for Illegal Aliens, which began its work in July, 1977, included three research committees: 1) Demographics; 2) Medical Costs and Statistics; 3) Medical Care and Public Policy. The Task Force reviewed and approved the reports of each of its committees on February 27, 1978.

Demographics Committee

This committee was formed to determine the impact of undocumented immigrants on the tax system. From its research, the committee made three estimates of the tax contributions of undocumented immigrants in Orange County based on three different estimates of the undocumented immigrant population. Each of these tax contribution estimates was divided into eight tax categories, including sales and property taxes and six withholding taxes.

Summary of Total Estimated Tax Contributions of Undocumented Immigrants in Orange County

<u>Population Estimate</u>	<u>Property Taxes</u>	<u>Total Taxes</u>
57,172	\$11,916,191	\$ 83,092,863
75,000	\$15,632,775	\$109,005,538
100,000	\$20,843,700	\$145,340,720

The methodology and information used to determine these estimates are discussed in detail in the report and in Appendices A, B, and C. This information is summarized as follows:

At the beginning of its research, the committee found that there existed almost no data on the size and characteristics of the undocumented immigrant population. The committee, therefore, decided to conduct field

research in Orange County. During the period October, 1977 to early January, 1978, 177 undocumented immigrant adults were interviewed. The interviews were conducted in various communities in North, Central, and South Orange County and in work places throughout the County.

The committee recognized that traditional random sampling techniques could not be utilized in a study of undocumented immigrants whose population size and characteristics are unknown. The committee also recognized that its research would produce estimates, not established fact. Instead of making inferences based solely on the data collected in the Orange County study, the committee decided to examine its findings in light of other field research on this topic. The committee sought to discover what trends, if any, existed in the data found in the various studies. The research used for comparison included two studies prepared for the Federal Government and one for the San Diego County Board of Supervisors. Also used were reports of Cabinet-level committees of Presidents Ford and Carter.

Findings: Population Characteristics

All field research has found that undocumented immigrants are predominantly males of working age. In the Orange County study, 73% were males; 85% of all males and females interviewed were between 17 and 40 years of age, with 57% being between 17 and 29.

The percentage who reported being married (44%) was higher than most of the other studies, which perhaps is an indicator of a more settled population. Of those married, however, 36% reported that their spouse was living outside the United States.

Findings: Social Service Utilization and Tax Payments

All the research studies found a very low rate of social service utilization by undocumented immigrants. The percentage of those who had secured welfare payments ranged from less than 1% to 4%, depending on the study. The rate of food stamp utilization was less than 2% of the undocumented immigrant adult population. In each of the studies, about 8% to 10% of those interviewed reported receiving free medical services at a U.S. hospital or clinic.

Every study found that the typical undocumented immigrant paid into the withholding tax system. The Orange County survey was the first to estimate the sales and property tax contribution of this population. Like the other studies, the Orange County survey did not attempt to estimate the amount of gasoline and excise taxes paid by undocumented immigrants.

To determine tax contributions, the committee needed to estimate the total undocumented immigrant population in Orange County. Based on data gathered from the survey and from the Orange County Board of Education's estimate of the number of undocumented immigrant school children, the committee estimated the undocumented immigrant population to be 57,172. The committee also employed two higher population "guesses" obtained from grass-roots community leaders close to the situation: 75,000 and 100,000. The committee also analyzed an even higher "estimate" from a County agency, an estimate which the committee found improbable.

The taxpaying population estimate used was always lower than the total population estimate. To calculate the taxpaying population, the numbers of children and non-taxpaying adults were subtracted from the total population. Also, the taxpaying population varied by the size of the total population estimate and by the tax category considered. For example, the

percentage of individuals paying sales taxes was consistently higher than of those paying income tax.

Tax rates also varied. Information on the property tax payments of renters came from a study by the Revenue and Taxation Committee of the California State Assembly. This legislative study found that in California an average of 17% of rent payments goes toward the payment of property taxes. Other tax rates used were derived principally from data gathered from local, State, and Federal agencies. Where the tax is not a fixed percentage, data from the survey was combined with that from government agencies to determine the tax rate.

Conclusions

Every previous research study has concluded that undocumented immigrants pay more in taxes than they receive in public social services. Reports by Cabinet-level committees of two Presidents seem to have accepted the basic findings of these studies. On April 27, 1977, for example, President Carter's Task Force on Undocumented Aliens, headed by Secretary of Labor, Ray Marshall, suggested that undocumented immigrants have little cost impact on Federal social services. Moreover, since they "are typically young, have no spouse or children and are employed," it is "unlikely that these individuals place any substantial burden on State or local social services . . . Furthermore, young adults are not heavy consumers of health care and would not be a major burden on health services financed solely by State and local governments." The findings of the Orange County study, like the others, suggest that undocumented immigrants very likely pay more in taxes than they use in tax-supported public social services. They are not, according to the evidence, a burden to other taxpayers.

Medical Costs and Statistics

County staff originally overestimated the County costs of medical services for undocumented immigrants. The original estimate of \$4.4 million was made from an annual projection of a single month's medical billings (March, 1977). Of the \$4.4 million, approximately \$974,000 was considered the cost of treatment of "probable" undocumented immigrants and some \$3.5 million was the cost of individuals identified as definite undocumented immigrants.

However, County staff now has medical billings for a nine-month period (March, 1977 to November, 1977). The costs for this period are estimated to be \$1.9 million for individuals considered definite undocumented immigrants. If the trend for this nine-month period continues, the annual cost would be \$2.6 million. This new estimate is nearly \$1 million or 26% less than the original projection of the costs for those identified as definite undocumented immigrants. County staff does not have comparable figures for the same nine-month period for people considered "probable" undocumented immigrants. It is likely that such a figure also would be significantly less than the original estimate. All these figures are for the University of California, Irvine, Medical Center, and do not include the costs of treatment at the Community Clinic of Orange County. County staff has not tabulated these costs for the nine-month period, March, 1977 to November, 1977. But an idea of the approximate costs may be gained from a report prepared by the administrative staff of the Community Clinic. According to the report, the Community Clinic billed the County \$96,000 in the 1976-77 fiscal year for the medical costs of undocumented immigrants.

In addition to County costs, there are also University or State costs for

medical services for indigent undocumented immigrants. These include funds spent for Clinical Teaching Support: treatment of patients whose medical problems were considered useful for teaching purposes. UCI Medical Center staff estimated that these costs were approximately \$400,000 for the period May to December, 1977. If this trend continues for twelve months, the annual State costs would be about \$600,000. There are also the costs of undocumented immigrants transferred to UCI Medical Center by other medical facilities. UCI administrative staff was unable to supply the Task Force with an estimate of these other State costs.

The estimates of both the County and the University suffer from several methodological deficiencies. The most prominent is the lack of accurate identification of undocumented immigrants. Immigration laws are very complex and difficult for even personnel of the Immigration and Naturalization Service (INS) to interpret correctly. As might be expected, there is a high rate of error when the identification is made by individuals who are not immigration specialists. A recently completed study by the INS illustrates the problem. The study examined Alien Status Verification forms (WR-6) sent over a two-year period to the INS by Southern California counties, including Orange and Los Angeles. These WR-6 forms sought INS verification of the immigration status of applicants for public assistance who were suspected undocumented immigrants. Of those suspected of being undocumented, the INS found that more than 27% were actually legally in the United States.

County staff received their immigration status information from University personnel. County staff assumed that those identified as undocumented are individuals who identified themselves as fitting into this category. The "probable" category is composed of those whose citizenship is other

than U.S. and whose forms did not indicate at the time of the patient's registration a verification of a visa or work permit. Several of the University staff interviewed for this report indicated that the immigration classifications were "judgmental." It is impossible, under present circumstances, to determine accurately the medical costs for undocumented immigrants. All figures are estimates.

Given current data, the best estimate of the annual County costs are \$2.6 million for the UCI Medical Center and approximately \$100,000 for the Community Clinic.

Medical Care and Public Policy Committee

The committee gathered its data from medical authorities and administrative staff of the UCI Medical Center, UCI College of Medicine, the Community Clinic of Orange County, the Orange County Health Department and from other County personnel, and related sources. It also obtained much of its material from extensive research in professional journals in this field.

The committee found that all medical authorities agreed that curtailment of medical services for undocumented immigrants would be harmful to the public health of this community. They maintained that such a curtailment would result in great human and financial costs in the long-run. An example is the cost of premature births caused by inadequate prenatal care. It is important to note that children born in the United States are U.S. citizens. Therefore, the costs of premature birth, which often results in permanent medical problems for the child, would be borne by all taxpayers. Another example is contagious diseases, which spread without regard to an individual's immigration status. It is true that public health service treats many of the contagious diseases. But if

undocumented immigrants, mistakenly or not, identify health facilities as places to avoid because of their involvement with INS enforcement, then the ability to contain such diseases is diminished. It should be recalled that immigration specialists agree that undocumented immigrants constitute an important part of the workforce in the restaurant industry. It is obvious that untreated diseases of people working in the food service industry pose a threat to the public health.

Current County policy has resulted in undocumented immigrants associating public health services with the enforcement of immigration law. Since June, 1977, the County has had a policy that has sought to have undocumented immigrants who are seeking medical assistance apply for Medi-Cal. By regulation, information on suspected undocumented immigrants is sent to the INS for verification of immigration status. The INS has begun deportation proceedings against at least some of the Orange County applicants for Medi-Cal. Moreover, by County regulation, information on suspected undocumented immigrants who refuse to sign a Medi-Cal application and who do not pay their medical bills is collected for possible referral to the Immigration and Naturalization Service. At the writing of this report, this County policy has been suspended temporarily for outpatients at the UCI Medical Center and the Community Clinic. It is still in force for inpatient care at the Medical Center.

Medical staff at UCI and the Community Clinic report that this policy has raised fears in undocumented immigrants who need medical care. These authorities in general believe that this policy may already be deterring individuals from seeking needed medical treatment. It is very difficult, of course, to determine statistically if this policy is, or is not, deterring

people from seeking medical services. However, recently the Community Clinic has made available data which suggest that undocumented immigrants are perhaps avoiding this health facility because of its involvement with INS enforcement. There has been a significant drop in the number and percentage of undocumented immigrant patients at the Clinic since September, 1977. It certainly can be stated that current County policy at the very least does not encourage undocumented immigrants to seek needed medical care. This policy, therefore, could endanger the public health and result in great human and financial costs.

Conclusions of the Task Force

County staff overestimated the County's costs for the medical treatment of indigent undocumented immigrants. These costs are closer to \$2.6 million than the \$4.4 million originally projected. Moreover, all research data indicate that undocumented immigrants, despite the popular view, pay substantial Federal, State, and local taxes and are not a burden to other taxpayers. Curtailment of medical services for this group would not save tax monies. On the contrary, the Task Force has found that unless adequate medical services are provided to undocumented immigrants, the County risks great human and financial costs.

REPORT OF THE DEMOGRAPHICS COMMITTEE

Characteristics and Tax Payments of Undocumented Immigrants in Orange County

Background

The Demographics Committee learned early in its research that virtually no data existed on undocumented immigrants in Orange County. The Immigration and Naturalization Service (INS) was unable to provide an estimate of the size of the undocumented immigrant population in the County. Moreover, there was no research data on the characteristics of this population.

The committee, therefore, decided to conduct field research among undocumented immigrants in Orange County. The committee prepared a questionnaire consisting of 40 questions (most of which were comparable to questions asked by other research studies on this topic). The questionnaire was translated into Spanish and interviews were conducted with 177 undocumented immigrant adults during the period, October, 1977 to early January, 1978. The interviewers were individuals acquainted with undocumented immigrants in a given neighborhood, church, or place of work. All but one of the interviewers spoke Spanish; the one who did not used a translator. Of the 177 undocumented immigrants, 80 were interviewed at their places of work, which included three (3) manufacturing plants, five (5) restaurants, and three (3) migrant labor sites. The other 97 immigrants were interviewed in various communities in North, Central, and South Orange County. The community interviews included 33 individuals who attended a Catholic Church whose members include a significant percentage of undocumented immigrants.

Limitations and Implications of Study

From the beginning, the committee recognized that traditional random sampling techniques could not be utilized in a study of an undocumented immigrant population. These individuals, for obvious reasons, seek to avoid contact with public authorities, and no one knows the size of the population. A little more than a year ago, the Immigration and Naturalization Service was offering national "estimates" of the undocumented immigrant population ranging from 4 to 14 million. Not only is the size of the population unknown, but so are its characteristics.

Instead of making inferences based solely on the data collected in this Orange County study, the committee decided to examine its findings in light of the other field research on this topic. We are dealing with estimates based on research; the trends in the data should be noted and considered when discussing this population.

Each previous study on this topic has had its own methodological limitations. Most of the studies have used samples that would tend to overrepresent individuals who perhaps have been in the United States less time than the average undocumented immigrant. The reason is that most are based on data gathered from individuals apprehended or deported by the INS. Individuals who have been in the United States for a relatively short period of time are more likely to be apprehended by the INS than those who have lived here for a longer period of time. The research by Professor Wayne Cornelius is an exception to the pattern of interviewing individuals under apprehension or directly after they have been deported. He gathered his data from research in Mexican villages where a high percentage of its members migrate to the United States without adequate immigration documents.

The research by the Demographics Committee is another exception. It is recognized that the community sample may be biased in favor of longer-term residents, whose presence in a given neighborhood might be better known to our interviewers than more recent arrivals. Also, a bias in favor of family units would more likely be found in the sample taken from the Catholic Church. The committee believes that this tendency toward overrepresentation of long-term residents and family units could be balanced in part by the workplace survey, which represented 45% of the total sample. Another limitation is that the sampling was done exclusively among Latinos, predominantly Mexicans, because we lacked the resources to locate and interview undocumented immigrants of other groups. However, immigration authorities agree that Latinos constitute the predominant group of undocumented immigrants in this region.

It is important to emphasize that the committee was seeking to discover what trends, if any, existed in the research data. In other words, we wanted to see if there were any correlations in the data from all the field research studies on this question, despite the various and differing sampling biases.

The research studies used for comparison with the Orange County survey include:

1. The Linton Corporation study for the United States Department of Labor: David S. North and Marion F. Houstoun, "The Characteristics and Role of Illegal Aliens in the U.S. Labor Market: An Exploratory Study," Washington, D.C.: Linton & Co., Inc., March, 1976. (Cited as Linton Corporation study)
2. The research study conducted by San Diego County staff for the Board of Supervisors: "Illegal Aliens: Impact of Illegal Aliens on the County of

San Diego," San Diego: Human Resources Agency, County of San Diego, January, 1977. (Cited as San Diego study)

3. Wayne Cornelius, "Illegal Mexican Migration to the United States: A Summary of Recent Research Findings and Policy Implications," Cambridge, Massachussets: MIT, an expanded and revised version of the briefing paper prepared in February, 1977, for the National Security Council under the Carter Administration.
4. Jorge Bustamante, "The Impact of the Undocumented Immigration from Mexico on the U.S.-Mexican Economies: Preliminary Findings and Suggestions for Bilateral Cooperation," paper presented at the 46th Annual Meeting of the Southern Economic Association, Atlanta, Georgia, November, 1976.

Also examined were reports of Cabinet-level committees of Presidents Ford and Carter:

1. Domestic Council Committee on Illegal Aliens, "Preliminary Report of the Domestic Council," Washington, D.C.: U.S. Department of Justice, December, 1976. This committee was headed by Attorney-General Levi. (Cited as Domestic Council Committee)
2. "Memorandum for the President, Report of Task Force on Undocumented Aliens," Washington, D.C., U.S. Department of Labor, April, 1977. This report for President Carter was prepared by a Cabinet Committee headed by Secretary of Labor, Ray Marshall. (Cited as Memorandum for the President)

Characteristics of Undocumented Immigrants

Every study has found that undocumented immigrants are predominantly males of working age. In the Orange County study, 73% were males; 85% of all the males and females interviewed were between 17 and 40 years of age, with 57% being between 17 and 29.

The percentage who reported being married (44%) was higher than in most of the other studies, which perhaps is an indicator of a more settled population. Of those married, 36% indicated that their spouse was living outside the United States.

From the survey, it was not possible to determine the average duration of stay of the respondents in the United States. The data did show that the average undocumented immigrant had first arrived in the United States in 1973. Of the sample, 10% indicated that they had arrived in 1977, and 20% had arrived in the period 1974-76. Some 19% of those interviewed indicated that they had come between 1936 and 1967. The Linton Corporation study for the U.S. Department of Labor found that the average duration of stay in the United States was 2.5 years. Fragmentary data from the Orange County survey suggest that the average length of stay of the population being considered is higher than 2.5 years.

Nonetheless, the average hourly wage of the respondents was quite close to that found in the Linton Corporation study: \$2.77 for Orange County respondents (in 1977) versus \$2.71 for those interviewed by the Linton Corporation in 1975. The average Mexican respondent in this 1975 survey averaged \$2.34 an hour; those from other Western Hemisphere nations averaged \$3.05.

As one might expect, undocumented immigrants are predominantly renters. Of the sample, 90.4% were renters and 2.8% were homeowners. The average rent was \$149 a month, while the average monthly mortgage payment was \$229.

Social Service Utilization and Tax Payments

All the surveys found a very low rate of utilization of public social services by undocumented immigrants. The percentage of those who had

secured public welfare payments ranged from less than 1% to 4%, depending on the study. The Orange County survey indicated that 2.8% had collected public welfare payments. Regarding food stamps, the Linton Corporation study showed that 1.3% had reported receiving them, while the Orange County study found 1.6%.

The Linton Corporation study found that 27.4% reported using a public or private hospital or clinic, while Orange County's sample showed 28%. The Orange County study showed that 15% reported using the Community Clinic of Orange County and 5.6% indicated that they had used the UCI Medical Center.

Of those who used a public or private hospital or clinic, 59% stated that they had paid the bill either directly or by insurance, while 8% reported paying the bill by "credit," and 2% reported using Medi-Cal. Of those who stated that they had used a medical facility, 30% either reported that they had not paid the bill or did not answer this question. The Linton Corporation, Bustamante, and Cornelius studies indicated that only about "8-10% of their respondents had ever received free medical assistance in a U.S. hospital or clinic." (Cornelius, p. 12) If we assume that 32% of those who indicated in the Orange County study that they had used a U.S. hospital or clinic had received free medical services (including in this category those who had received Medi-Cal and those who reported either they did not pay the bill or did not answer the question), it would mean that some 9% of the total sample indicated that they had received free medical services. This coincides with the 8-10% figure found in the other studies.

Both the Orange County and the Linton Corporation studies asked respondents if they had hospitalization insurance deducted from their wages. Both found that a higher percentage claimed to have hospitalization insurance deducted

than those who reported using a public or private hospital or clinic.

The Linton Corporation study found that 44% had these insurance deductions, while in Orange County 34% reported this deduction.

All field research has found that the typical undocumented immigrant has payroll taxes taken from his/her wages. This finding is not surprising. Employers are not violating the law in hiring undocumented immigrants. But they would risk legal sanction if they did not deduct and pay legally mandated taxes.

As a crosscheck on the percentages of those who reported paying into the various tax systems, all but one of the studies asked the respondents whether they were paid in cash, check, or by other means. The Orange County study also included this question. It was assumed by all the researchers that wages paid by check were very likely to have had the mandated taxes deducted. Significantly, in each study the percentage of those who reported having the various payroll taxes taken from their wages was lower than the percentage of those reporting being paid by check.

Percentage Reporting Wages Paid by Check

Linton Corporation Study	78%
Bustamante	85%
San Diego Study	82%, including 7% who were paid by a combination of check and room and board.
Orange County Study	90%

Social Security deductions are a prime example. The Linton Corporation study for the Department of Labor showed that 77.3% of their sample

reported having Social Security taxes withheld, while Bustamante showed 66.7%, and the study by San Diego County staff showed 81%. The Orange County study showed 88%. The difference here may be once more an indication that the other studies are based on a sample biased in favor of people who had shorter residence in the United States.

It is also notable, however, that the Orange County sample showed a smaller percentage reporting income tax deductions (70%) than did the Linton Corporation study (73.2%). But this may also be an indication of the biases in the various samples. It is likely that the longer an immigrant is in the country, the more likely he/she is to have dependent family members. At given income levels, workers who make the low wages typical of the undocumented immigrant and who have several exemptions for family members do not have income tax deducted from their wages. Hence, one would expect the percentage of undocumented immigrants reporting social security deductions to be higher than the percentage of those reporting income tax deductions.

Tax Payment Projections

Undocumented Immigrant Population Estimate: 57,172

To determine the tax payments of undocumented immigrants, one must have an estimate of the total population. The Immigration and Naturalization Service is unable to estimate the size of this group. After considerable research, the Demographics Committee developed a methodology to estimate the population based on the number of undocumented immigrant school children reported by the Orange County Board of Education for the 1976-1977 school year: 7,672.

The Board of Education receives its figures from the school districts. The school districts report these figures in order to receive additional tax revenues based on the number of undocumented immigrant children in their district. There are indications that the 7,672 figure may be too high as well as indications that it may be too low. School district personnel evidently classify children as undocumented immigrants when identified as such by the parents, or when families are unable to produce proper documentation for school personnel. Because of the complexity of immigration law, individuals who are legal residents may be classified as undocumented by school personnel, who, of course, are not trained to be immigration specialists. Also the staff of the Orange County Board of Education indicated that students who move to another school district in Orange County within the same academic year may be counted more than once. Neither the school districts nor the Board of Education have a mechanism to prevent undocumented immigrant transfer students from being counted in the overall County figures two or more times. On the other hand, some school districts are more careful than others in seeking the exact number of undocumented immigrant school children.

The Demographics Committee fully recognized these and other limitations of the 7,672 figure. The committee believes that the population figure it derived from the undocumented immigrant school children estimate and from data contained in the committee's survey should be regarded as an estimate and not established fact. Data taken from the survey for the estimate included the ratio of undocumented immigrant school children to the undocumented immigrant adults who reported having an undocumented immigrant school child; the percentages of both single and two-parent family units who reported having undocumented immigrant school children;

the percentage of the total number of children who are undocumented and are in the schools. The formula used to determine the total population estimate is:

$$\frac{(1 + .84) \frac{7,672}{1.64}}{.18} + \frac{7,672}{.82} = 57,172$$

The methodology by which this population estimate of 57,172 was determined is shown in detail in Appendix A.

Population "Best Guesses" by Community Leaders

In addition to making an estimate based on the undocumented immigrant school population and survey data, the committee also interviewed grass-roots community leaders who have direct contact with undocumented immigrants in their areas and workplaces. They were asked to provide their "best guess" of the size of the undocumented immigrant population in Orange County. Their "best guesses" ranged from 60,000 to 100,000 undocumented immigrants.

"Estimate" Made by Orange County Human Services Agency

The Orange County Human Services Agency, in a letter to the Federal Government, recently "estimated" the County's undocumented immigrant population at between 200,000 to 300,000. (See December 1, 1977 letter from Legislative Analyst of Human Services Agency to Director, Division of Retirement and Survivors Policy, Social Security Administration). This figure evidently was not derived from research. And it is a rather implausible guess. The 1976 census for Orange County shows a little more than 200,000 rental units in the County for individuals of all income levels. Moreover, the Employment Development Department Office of the State of California in Santa Ana estimates that the total number of employed and self-employed persons working in Orange County is around 700,000. Hence, an undocumented immigrant population of 200,000 to 300,000 would mean that between roughly 23% and 34% of the entire employees and self-

employed workforce in Orange County is constituted by undocumented immigrants. This guess at the undocumented immigrant population appears to be much too high.

Tax Payment Projections and Population Ranges

To calculate tax payments, the committee decided to project from three population figures, one from the committee's estimate, and two from the community leaders "best guesses". With each population figure, the tax payment is divided into eight tax categories. The committee also calculated an overall local, State, and Federal tax contribution of undocumented immigrants, assuming a 200,000 to 300,000 population. Since the committee felt that this figure was implausible, it did not divide it into the eight individual tax categories.

Taxpaying Population in Each Tax Category

Obviously, the population paying a given tax is less than the total population. The number of children is subtracted from the taxpaying population in each category. For property taxpayers, one must also subtract 50% from the figure of the number of individuals married and living together to determine the potential number of property taxpayers. The numbers in each payroll tax category must be reduced by the number of individuals not employed. Finally, the figures for each of the tax categories are reduced by the percentage of those who are not paying a given tax.

See Appendix B for a detailed description of the methodology employed to determine the taxpaying population in each tax category.

Tax Payment Amounts and Percentages

Tax percentages used were derived principally from data gathered from local, State, and Federal agencies. Where the tax is not a fixed percentage, data

from the survey was combined with that from government agencies to determine the tax rate.

Information on the property tax payments of renters came from a study by the Revenue and Taxation Committee of the California State Assembly. This legislative study found that in California an average of 17% of the rent payments goes toward the payment of property taxes.

Appendix C shows in detail the sources and methodology used to determine the tax rate in each of the eight tax categories.

Summary of Total Estimated Tax Payments by Undocumented Immigrants
in Orange County

<u>Population</u>	<u>Total Taxes</u>
57,172	\$ 83,092,863
75,000	\$109,005,538
100,000	\$145,340,720
200,000*	\$290,681,440
300,000*	\$436,022,160

*Population figure considered too high by committee.

Table 1

Estimated Tax Contributions of Undocumented Immigrants in Orange County

Estimate of Total Undocumented Immigrant Population: 57,172

Average Annual Income: \$5,761.60

<u>Type of Tax</u>	<u>Taxpayer Population</u>	<u>Tax Rate</u>	<u>Total Tax</u>
Property:			\$11,916,191
Renters	37,448	\$303.96 (\$11,382,694)	
Homeowners	1,143	\$467.16 (\$ 533,497)	
*FICA	39,734	11.7%	\$26,785,086
**Unemployment Insurance	39,734	3.6%	\$ 8,241,626
**Workmen's Compensation Insurance	39,734	7.01%	\$16,048,165
Federal Income Tax	31,616	7.42%	\$13,516,156
State Income Tax	31,616	0.7%	\$ 1,275,073
State Disability Insurance	29,386	1%	\$ 1,693,221
Sales Tax	45,166	1.39%	\$ 3,617,345
TOTAL ANNUAL TAXES: \$ 83,092,863			
TOTAL ANNUAL WAGES: \$260,228,426			

* Includes employer contribution.

** Employer payroll tax.

Table 2

Estimated Tax Contributions of Undocumented Immigrants in Orange County

Estimate of Total Undocumented Immigrant Population: 75,000

Average Annual Income: \$5,761.60

<u>Type of Tax</u>	<u>Taxpayer Population</u>	<u>Tax Rate</u>	<u>Total Tax</u>
Property:			\$15,632,775
Renters	49,125	\$303.96 (\$14,932,035)	
Homeowners	1,500	\$467.16 (\$ 700,740)	
*FICA	52,125	11.7%	\$35,137,983
**Unemployment Insurance	52,125	3.6%	\$10,811,767
**Workmen's Compensation Insurance	52,125	7.01%	\$21,052,766
Federal Income Tax	41,475	7.42%	\$17,730,977
State Income Tax	41,475	0.7%	\$ 1,672,687
State Disability Insurance	38,550	1%	\$ 2,221,251
Sales Tax	59,250	1.39%	\$ 4,745,332
TOTAL ANNUAL TAXES:			\$109,005,538
TOTAL ANNUAL WAGES:			\$341,374,800

* Includes employer contribution.

** Employer payroll tax.

Table 3

Estimated Tax Contributions of Undocumented Immigrants in Orange County

Estimate of Total Undocumented Immigrant Population: 100,000

Average Annual Income: \$5,761.60

<u>Type of Tax</u>	<u>Taxpayer Population</u>	<u>Tax Rate</u>	<u>Total Tax</u>
Property:			\$20,843,700
Renters	65,500	\$303.96 (\$19,909,380)	
Homeowners	2,000	\$467.16 (\$ 934,320)	
*FICA	69,500	11.7%	\$46,850,645
**Unemployment Insurance	69,500	3.6%	\$14,415,690
**Workmen's Compensation Insurance	69,500	7.01%	\$28,070,355
Federal Income Tax	55,300	7.42%	\$23,641,303
State Income Tax	55,300	0.7%	\$ 2,230,249
State Disability Insurance	51,400	1%	\$ 2,961,668
Sales Tax	79,000	1.39%	\$ 6,327,110
TOTAL ANNUAL TAXES:			\$145,340,720
TOTAL ANNUAL WAGES:			\$455,166,400

* Includes employer contribution.

** Employer payroll tax.

Conclusions of Study

Every field researcher has concluded that undocumented immigrants pay more in taxes than they receive in public social services. Cabinet-level committees of both the Ford and Carter Administrations seem to have accepted the basic conclusions of these research studies. On April 27, 1977, for example, Secretary of Labor, Ray Marshall, sent President Carter a memorandum on behalf of the Task Force on Undocumented Aliens, a task force that included himself, the Secretary of State, the Attorney General, and the Secretary of Health, Education, and Welfare. This memorandum suggested that undocumented immigrants make little cost impact on Federal social services. Moreover, since they "are typically young, have no spouse or children and are employed," it is "unlikely that these individuals place any substantial burden on State or local social services . . . Furthermore, young adults are not heavy consumers of health care and would not be a major burden on health services financed solely by State and local governments." (Memorandum for the President, pp. 42-43).

The data gathered by the Orange County study supports these conclusions. The Orange County study, like the others, suggests that undocumented immigrants are very likely to pay more in taxes than they use in tax-supported public social services. They are not, according to the evidence, a burden to other taxpayers.

Appendix A
Population Estimate: 57,172
Methodology

The total number of undocumented immigrant (UI) school children is 7,672.

There are 1.64 school children per UI family unit with UI school children. Therefore, the total number of family units with UI school children is:

$$7,672 \div 1.64 = 4,678$$

Since 84% of all UI school children live with both parents, there are:

$$2 \times .84 \times 4,678 = 7,859 \quad \text{UI adults in two parent families with UI school children}$$

Since 16% of all UI school children live with a single parent, there are:

$$1 \times .16 \times 4,678 = 748 \quad \text{UI adults in single parent families with UI school children}$$

The total number of UI adults with UI school children is:

$$7,859 + 748 = 8,607$$

Since 18% of all UI adults have UI school children, there are:

$$8,607 \div .18 = 47,816 \text{ UI adults}$$

Since 82% of all children of UI parents are UI school children, there are:

$$7,672 \div .82 = 9,356 \text{ children of UI adults}$$

Therefore, there are:

$$47,816 + 9,356 = 57,172 \text{ people (UI adults and children regardless of school or immigration status)}$$

Thus, the formula used to determine the total population estimate is:

$$\frac{(1 + .84) \frac{7,672}{1.64}}{.18} + \frac{7,672}{.82} = 57,172$$

Appendix B

Taxpaying Population by Tax Category:

Methodology to Determine Percentage of Total Population

Property Taxpaying Population:

The percentage of the total UI population that are property taxpayers is 67.5%, of which 65.5% are renters and 2% are homeowners.

This percentage was determined by the following methodology, employing data gained from the survey of undocumented immigrants in Orange County:

The committee assumed that none of the children under 18 years of age of undocumented immigrants are renters or homeowners. Thus, to obtain the total UI adult population, we subtracted the percentage of children in the UI population.

$$\text{Hence: } 100\% - 16\% = 84\%$$

We then divided by 2 the total number of individuals who are married to a spouse who lives in the United States, because couples living together make just one property tax payment on the dwelling they rent or are purchasing. For the purposes of this study, we assumed that all individuals who reported spouses in the United States live with these individuals in Orange County. If this assumption is incorrect, the percentage of property taxpayers used is too low and thus the property tax payment calculations underestimate the actual tax payment. Nonetheless, this assumption would mean:

$$23\% \div 2 = 11.5\%$$

Subtracting 11.5% from the total percentage of adults yields the total percentage of potential UI adult property taxpayers.

$$84\% - 11.5\% = 72.5\%$$

However, this percentage must be further reduced by the percentage of undocumented immigrant adults whose spouses are not living with them and who are not renters or homeowners. For the purposes of the study, we assumed that all those who failed to answer the question of whether they were renters or homeowners did not fit in either of these categories, nor did they own any other type of property in Orange County that is subject to the property tax. These assumptions, if incorrect, would mean that the percentage of property taxpayers used is too low and thus estimates of property tax payments are lower than the actual figure.

Multiplying the percentage of the potential UI property taxpayers by the percentage of UI adults who indicated that they were renters yields the total percentage of renters in the population:

$$\text{Hence: } 72.5\% \times 90.4\% = 65.5\%$$

Multiplying the percentage of potential property taxpayers by the percentage of the UI adults who indicated that they were homeowners yields the total percentage of homeowners in the population.

$$\text{Hence: } 72.5\% \times 2.8\% = 2\%$$

Payroll Taxes

For each payroll tax, the total potential taxpayer figure was obtained by subtracting from the total population, the percentage of children under 18 years of age and the percentage of the population constituted by non-working adults.

$$\text{Hence: } 100\% - 21\% (\text{children under 18 and non-working adults}) = 79\%$$

For the purposes of the study, we assumed that none of the children under 18 years of age are employed. At least some of the children, however, do work, especially among the 16 to 18 years of age group. This assumption tends

to understate the total percentage of the working population and therefore underestimates the total payroll tax payments. We have also assumed that the working population labors 40 hours per week. The Linton Corporation study, however, indicated that the typical undocumented immigrant works more than a 40 hour week. This assumption also tends to underestimate the total percentage of the working population. Nevertheless, our calculation may not have included all the unemployed, especially those unemployed for short periods of time. If this is true, in this area we may have overstated the total percentage of the working population. Hence, we have indications of areas where the data may have overestimated, as well as underestimated, the total percentage of potential wage-earning taxpayers. We believe, however, that these factors could only produce a small, marginal change in the overall calculations. Also, it is important to emphasize again that we are searching for the trends in the data, and we are reporting estimates.

To determine the percentage of the wage earners who are paying into employee payroll taxes, we multiplied the percentage who reported paying a given payroll tax by the percentage of the total population constituted by the total potential wage earners.

The calculations for each of the employee payroll taxes is as follows:

FICA

Hence: $88\% \times 79\% = 69.5\%$ (percentage of total population paying FICA taxes)

Federal Income Tax

Hence: $70\% \times 79\% = 55.3\%$

State Income Tax

Hence: $70\% \times 79\% = 55.3\%$

State Disability Insurance

Hence: $65\% \times 79\% = 51.4\%$

The low percentage reporting State Disability Insurance deductions most probably is an indication of the lack of knowledge of this tax deduction by many of these workers. It is most unlikely that employers who make the legally mandated social security deductions and payments would not also make the legally required State Disability Insurance deductions.

Regarding payroll taxes and insurances paid only by employers, we have assumed that the same proportion of employers pay into these taxes as deduct (and pay) Social Security taxes. Once again, it is unlikely that any significant percentage of those employers who are paying FICA taxes are seeking to avoid the payment of these other legally mandated payroll taxes.

The calculations for each of these employer payroll taxes and insurance are as follows:

Unemployment Insurance

Hence: $88\% \times 79\% = 69.5\%$

Workmen's Compensation Insurance

Hence: $88\% \times 79\% = 69.5\%$

Sales Tax

For sales tax, the percentage of the population whose income is used in the payment of these taxes is equal to the total potential wage earners. This tax must be paid by individuals, regardless of their immigration status, when they purchase goods covered by sales taxes.

Hence, 79% of the total population pays sales tax directly or indirectly through non-income earning dependents.

Appendix C

Tax Rates

Property Taxes

A study by the Revenue and Taxation Committee of the California State Assembly determined that an average of 17% of rent payments is used to pay property taxes. To determine the average tax payment of undocumented immigrant renters, our committee multiplied the average annual rental payment of the UI by 17%.

Hence: $\$149 \times 12 = \$1,788$ (annual average UI rental payment)

$$17\% \times \$1,788 = \$303.96$$

Ironically, determining the average property tax payment of UI homeowners was more difficult than establishing an average payment for renters. While we had determined an average monthly mortgage figure from the survey, we lacked information on the average assessed value of the homes in question. Even if we had had that information, we would have faced other obstacles since we did not know in which tax districts the homes were located. There are often several tax districts within a given city. To establish an approximate figure, we contacted the County Assessor's Office and inquired about tax rates in Santa Ana, the city that probably has the largest undocumented immigrant population in the County. We assumed an assessed valuation of \$7,500, less the homeowner's exemption. Given the cost of housing in Orange County, this assumption about the assessed valuation of a home in a low-income neighborhood probably underestimates the actual assessed value. Nonetheless, with this information, we calculated that the average monthly property tax payment was a little more than 17% of the average monthly mortgage payment of the UI homeowners (\$229). Since it was close to the 17% figure we had used for renters, we used the 17% measure to also determine property tax payments of UI homeowners.

The formula employed is the same as that used to determine property tax payments for renters.

Hence: $\$229 \times 12 = \$2,748$

$17\% \times \$2,748 = \467.16

FICA

The 1977 FICA was 11.7% of the employee's wages, of which 5.85% was paid by the employee and 5.85% by the employer. The ceiling on wages and salaries covered by this tax is not applicable here since the average undocumented immigrant earned much less than the 1977 ceiling of \$16,500.

Unemployment Insurance

The unemployment insurance rate varies by the employment experience of each employer. At the suggestion of the Department of Benefits Payments of the State of California, we used the 3.6% rate paid by the average new employer.

Workmen's Compensation Insurance

There is great variance in the workmen's compensation insurance rate. Each industry and specific occupations within it have a different rate. As a benchmark, we employed the same figure used in the San Diego County study: \$7.01 per \$100 of payroll or 7.01%.

Federal and State Income Taxes*

Both these taxes presented similar methodological problems. In each case, the rates varied by income, marital status, and number of exemptions taken by each taxpayer. To obtain an average tax rate in each of these income taxes, we made the following assumptions:

* These taxes also contribute indirectly to the tax revenues of Orange County through various revenue sharing type programs.

Each individual with a child claims 2 exemptions. This would mean married couples with children who are working would claim 4 exemptions and would have 2 children, a ratio of children higher than the survey found. Hence, this assumption could result in an underestimation of the tax rate. In the other direction, however, is the assumption that UI couples with more than 4 exemptions have been accounted for in the above reductions of the income taxpaying populations, since they would not pay income taxes because of their low income and high number of dependents. Likewise, we also assumed that the above taxpaying population reductions also took into account single parents with a large number of dependent children. The income taxes of every married individual, whether or not the spouse was in the United States, were determined on the basis of the tax rate for married people. Every single person without dependents took one exemption.

Using these assumptions, we used the Federal and State employer tax rate tables to determine the monthly tax rate for individuals earning an average of some \$480 (the average monthly wage) who fit in the following categories: single claiming 1 exemption; married without children claiming 2 exemptions; and married with children claiming 4 exemptions, 2 for each working parent. Next, the percentage that each category represents in the total population was used to establish an average income tax rate.

Using this methodology, an average tax rate of 7.42% was determined for Federal income taxes and 0.7% for State income taxes.

State Disability Insurance

The State Disability Insurance rate is 1% of the wages or salaries.

Sales Taxes*

To establish the sales tax rate, we first needed to determine what percentage of the total income earned by undocumented immigrants was sent to their home countries and then deduct that amount from the total annual wages. Income used to purchase goods outside the United States is, of course, not subject to California sales taxes. From the survey, we determined that an average of 16.5% of the total annual wages of all undocumented immigrants in Orange County is sent to relatives in other countries.

$$\text{Hence: } 16.5\% \times \$5,761.60 = \$950.66$$

$$\$5,761.60 - \$950.66 = \$4,810.94$$

Next, we calculated the tax on a family with one or two members and an annual income of \$4,810.94 (in actuality, in the \$4,000-\$4,999 range in the tax tables). This tax amount was found in the 1977 Optional State Sales Tax Tables for California in the Federal Income Tax Publication, number 17. We then divided this tax by the total income earned by the average undocumented immigrant, or \$5,761.60.

$$\text{Hence: } \$80 \div \$5,761.60 = 1.39\%$$

Formula Used to Calculate Total Taxes for Each Tax and Population Size

For each of the property taxes, we multiplied the average property tax times the taxpaying population.

*These taxes not only represent a direct contribution to the State and local governments, but also represent a contribution to the County economy through a demand for goods and services.

Example:	Population Estimate:	57,172
	Number of Renters:	37,448
	Property Tax:	\$303.96
	$\$303.96 \times 37,448$	$= \$11,382,694$

For each of the payroll and sales taxes, we multiplied the tax rate times the average annual income times the taxpaying population.

Example:	Population Estimate:	57,172
	Type of Tax:	State Disability Insurance
	Tax Rate:	1%
	Taxpaying Population:	29,386
	Average Annual Income:	\$5,761.60
	$1\% \times \$5,761.60 \times 29,386$	$= \$1,693,221$

APPENDIX D
SURVEY QUESTIONS

1. Sex?
2. Of what country are you a citizen?
3. How old are you?
4. What is your occupation?
5. Are you married or single?
6. Does your wife/husband live in the United States?
7. Do you own your own home or do you rent?
8. How much do you pay monthly in rent or in home mortgage payments?
9. How many children under 18 years of age live with you in the United States?
10. How many of your children are U.S. citizens?
11. How many of your children attend public schools in the United States?
12. How long have you worked in the United States?
13. How long have you worked at your present job?
14. What type of work do you do?
15. How does your employer pay you (check, cash, etc.)?
16. How much does the employer pay per hour? per day? per week? per month?
17. How many hours per week do you normally work?
18. Do you send money to your country of origin?
19. How much do you send? How often?
20. Does your employer take deductions from your salary for hospital insurance?
21. Does your employer take deductions from your salary for Social Security?
22. Does your employer take deductions from your salary for Disability Insurance?
23. Does your employer take deductions from your salary for Federal income tax?
State income tax?
24. How many times have you mailed income tax forms to the U.S. government?

APPENDIX D - Survey Questions (cont.)

25. Do you think that your employer hired you because you do not have immigration documents?
26. In the last five years, how many months have you received public assistance (welfare) in the United States?
27. Have you received food stamps in the last five years?
28. How many times in the last five years have you or a member of your immediate family (spouse or child) used a hospital or medical clinic in the United States?
29. Have you ever used the UCI Medical Center or the Community Clinic in Santa Ana?
30. If yes, for what type of services?
31. How were the medical services paid for?
32. Have you had a work related-accident or illness in the United States?
33. If yes, did you receive medical care?
34. If you received it how was the treatment paid for?
35. Normally, how long do you stay in the United States before returning to your country of origin?
36. Have you received medical services from the Health Department such as immunization?
37. In what year did you enter the United States for the first time?
38. What were your total earnings in the United States in 1975? 1976? and since January 1, 1977?
39. Have you or a member of your immediate family ever needed medical care and not received it?
40. If yes, why?

REPORT OF THE COMMITTEE ON MEDICAL COSTS AND STATISTICS

Estimation and Projection of Costs for Medical Bill Delinquencies

County staff originally overestimated the County costs of medical services for undocumented immigrants. The original estimate of \$4.4 million was made from an annual projection of a single month's medical billings (March, 1977). Of the \$4.4 million, approximately \$975,000 was considered the cost for treatment of "probable" undocumented immigrants and some \$3.5 million was the cost for individuals identified as definite undocumented immigrants.

However, County staff now has medical billings for a nine-month period (March, 1977 through November, 1977). The costs for this period are \$1,915,679 for individuals considered definite undocumented immigrants. If the trend for this nine-month period continues, the annual costs would be \$2,554,238. This new estimate is nearly \$1 million or 26% less than the original projection of those identified as definite undocumented immigrants. County staff does not have comparable figures for the same nine-month period for people considered "probable" undocumented immigrants. It is likely that such a figure would also be significantly less than the original estimate.

The history of local government attempts to develop methodologies for the purpose of identifying undocumented immigrants is a brief one. Only within the last two years have any efforts been made by governmental agencies, other than the Immigration and Naturalization Service, to identify these people. Endeavors to develop methodologies in this context have been limited by the difficulty of striking a balance

between effective data gathering and the Constitutional guarantees and potential jeopardies which limit administrative acts to separate one element of the population from another for any purpose. As a result, little data has been generated in this regard, and agency attempts to identify this population have been only marginally successful.

In March of 1977, the Medical Services Administration Office was given the task of identifying delinquent medical accounts belonging to persons whose immigration status was uncertain. This effort by the Medical Services Administration was the first attempt by any Orange County agency to identify undocumented immigrants residing in the County. The County had sought in an August, 1976, amendment to the County-UCI Transfer Agreement to require the hospital to collect data on patients whose country of birth was not the United States, but had not acted to aggregate any data because of the difficulties inherent in developing a methodology for sorting through the data and allocating the necessary manpower to accomplish the job.

The lack of success in identifying undocumented immigrants is illustrated by the following study by the INS. The study examined the Alien Status Verification forms (WR-6) forwarded to the INS over a two-year period by the departments of social services of several Southern California counties, including Orange and Los Angeles. The forms were completed by suspected undocumented immigrants who applied for Medi-Cal and AFDC in order to verify their immigration status. During this period of time, 15,710 WR-6 forms were submitted to the INS. Those who signed the WR-6 forms were then asked to appear for status hearings. Forty-three percent

(43%) or 6,732 of those requested to appear at these hearings failed to show up. Thirty percent (30%) of the total, or 4,679, appeared at these hearings and were found to be in the country illegally. Not all in this group were deported because many appealed the results of the hearing and were later found to qualify for residency. However, another group of 4,299 individuals (27% of the total) present for the hearings were found to be legal residents even though they had identified themselves as noncitizens and did not have immigration papers at the time they applied for benefits. Therefore, a total of 48% of those appearing for hearings were found to be here legally.

Difficulties of this nature also interplay with the County Medical Services Administration's attempts to project County costs incurred in delivering medical services to indigent undocumented immigrants. For instance, as reported by the County Department of Social Services, 19% of the 683 undocumented immigrants surveyed at UCI Medical Center after June, 1977, who refused to apply for Medi-Cal, stated that they were doing so because they were applying or waiting for legal documentation. (One cannot be granted permanent resident status if he or she is classified as a public charge.) Unfortunately, the medical expenses for these people, if delinquent, would be billed to the County as "undocumented" even though under existing immigration law they would not be considered as such. This mis-identification would occur because the County receives the delinquent account information necessary to project costs for providing medical services to undocumented immigrants directly from the hospital, not from County Social Services. Under these conditions, the Medical Services Administrator is forced to overestimate County costs for services rendered to persons identifying

themselves as undocumented immigrants because a methodology to secure information on persons in the process of obtaining documentation cannot be presently designed.

Given the limitations in data gathering due to the clandestine nature of the undocumented indigent population and the noninterfacing bureaucracies of the County and UCIMC, the Medical Services Administration sought to limit the delinquent cost estimate survey instrument to an analysis of the University patient intake packet. The Administrator's office has used this data base in different ways in the ten months since March when cost analysis began.

One method employed by the County Medical Services Administration estimated the gross cost of all suspected delinquent accounts belonging to undocumented immigrants. This estimated figure was the product of all account delinquencies submitted to the County for payment during the month of March, 1977. These figures represented delinquent billings upon which the hospital had ceased diligent collection efforts and had forwarded to the County for payment under the Transfer Agreement. The billings submitted reflected not only delinquencies for the month of March, but also for months prior to March. This procedure derived a sum total for these delinquent billings which did not provide a good basis to project an annualized estimate of delinquent costs. As a result, the County overestimated the medical costs by projecting the annual costs based on a single month (March, 1977), yielding an annualized estimate of \$4,441,368.

As previously mentioned, the County now has medical billings for a nine-month period which deviate significantly from the projection based on the March, 1977, figures. After nine months, the running totals for

"actual" undocumented immigrant delinquencies derived an annualized figure which is 26% less than the projection based on one month's figures, \$288,866--one month's actuals x 12 equals \$3,466,392 annualized.

March	\$288,866	Aug.	\$205,231	\$1,915,679 (9 months)
April	257,251	Sept.	220,470	
May	192,421	Oct.	205,066	212,853 (1 month avg.)
June	178,975	Nov.	201,202	x 3
July	166,197			<u>638,559</u>
				+ 1,915,679
				<u>\$2,554,238</u> (projected annual)

The "probable" undocumented immigrant category is composed of those whose citizenship is other than U.S. and whose forms did not indicate a verification of a visa or work permit at the time of registration. Several University staff members interviewed for this report indicated that the classifications are "judgmental". The original projected annualized cost to the County for "probable" undocumented immigrants was \$974,976, again based on the March, 1977, billings (\$81,248). For the March to November, 1977, period, the Medical Services Administration's Office does not have medical costs for the "probable" undocumented immigrant category. In light of the large margin of error found in the County's original projected twelve-month estimate for "actuals", it is likely that if running totals had been tabulated for this "probable" undocumented immigrant population, they would also reflect a lower annualized figure.

There is also another problem with County verification procedures. Indigents whose bills have been sent to the County for payment and who have Spanish Christian or Spanish surnames come under special scrutiny. Often, these files were sent by the County physician back to the hospital registration unit for further evaluation for possible lack

of documentation. This method of status determination could present a potential civil rights liability in the event that the County submits the names of these individuals to INS for immigration status evaluation.

The costs to the County for providing services at the Community Clinic of Orange County (CCOC), which is also covered by the Transfer Agreement, are not reflected in the Medical Service Administrator's cost estimates at this time. In March, 1977, the Medical Administrator's office estimated a twelve-month projected cost for undocumented immigrant's medical services at CCOC of \$218,000. Here once again, County staff has not tabulated the billings for the nine-month period, March, 1977 to November, 1977.

Nevertheless, we have some idea of what the annual costs are from the billings sent to the County for payment by the staff of the Clinic. For fiscal year 1976-77, the County was billed \$96,189 for undocumented immigrants, or 56% below the County estimate.

In addition to County costs, there are also University, therefore State, costs for medical services for indigent undocumented immigrants. These include funds spent for Clinical Teaching Support: medical treatment of patients whose medical problems are considered useful for teaching purposes. UCI Medical Center staff estimate these costs for the period May through December, 1977, at about \$400,000. If this trend continues for twelve months, the annual State costs would be about \$600,000. There are also the estimated costs of undocumented immigrant transfer patients, an estimate that UCI administrative staff was unable to supply.

Critique of the Method

There are four basic methodological flaws which affect the accuracy of the data-gathering efforts conducted by the Medical Services Administration Office to estimate the annualized potential County liability for delinquent undocumented immigrant health costs under the Transfer Agreement.

1. The initial survey effort conducted in March, 1977, was not an accurate benchmark for use in projecting annualized medical costs. The County Medical Services Administrator employed these March figures to project all annualized costs for "total", "actual", and "probable" undocumented immigrants. The average monthly cost for the nine-month period is 26% less than the March cost figure. These March costs reflect only the delinquent accounts forwarded to the County under the Transfer Agreement during the thirty-day period from March 1 to March 31. This figure does not in any way reflect the accounts initiated at UCIMC by undocumented immigrants during this same period of time. The figures for the months following March provide a much more accurate basis for projecting costs. After March, most of the backlogged delinquencies had been tabulated.
2. The Medical Services Administrator failed to operationalize a methodology which would allow the collected cost data to be broken down into cost categories which would allow for actuarial evaluation as to what delinquent undocumented costs were real and what costs were recoverable. As a result of this methodological failure, the following two categories of cost refinement and recovery were not tabulated into the overall estimates of County liability for delinquent undocumented immigrant medical services.

3. The Contract Administrator's Office failed to factor into the March survey figures an estimate of the percentage of delinquencies from which the County might eventually collect the balance. Persons seeking citizenship must clear all accounts of public indebtedness. Of the undocumented indigent patients refusing to apply for Medi-Cal, 19% stated they were doing so because they were applying or waiting for legal documentation. These individuals, if delinquent, would have to pay that bill without the benefit of a sliding scale before receiving documentation.

The Medical Collections Agency of the County collected over \$50,000 in August, September, and October, 1977, from undocumented immigrants, most of whom were seeking to initiate citizenship proceedings. An estimated percentage of the return for these costs must be factored into the overall outlay equation to balance the estimate of real cost for services rendered.

4. The Contract Administrator's Office failed to separate delinquent accounts of suspected undocumented immigrants who are involved in work-related or tort-related accidents for which there is a probability that these patients were not liable for the expenses incurred. In many such cases, the employer or negligent party is liable for expenses incurred, but the patient lacks the resources to litigate to recover damage and pay the bill. (This cost could more profitably be recovered than any other delinquent medical cost).

Given current data, the best estimates of County costs for providing medical care to indigent undocumented immigrants are \$2.6 million for UCI Medical Center and approximately \$100,000 for the Community Clinic of Orange County. However, under present conditions, it is impossible to determine precisely the undocumented immigrant medical costs. All figures are estimates.

Related Background Information

Any discussion of the costs of medical care for undocumented immigrants requires an understanding of the process now used for determining patient status and financial capacity of those who seek care at UCI Medical Center and the Community Clinic.

Before the University assumed ownership of the Medical Center and management of the Community Clinic, there was little or no consideration of the citizenship status of patients. In fact, there was legal opinion that the hospital had no responsibility to ask about citizenship or to report undocumented immigrants to the INS. Patients were charged for medical services based on a sliding scale using various guidelines (size of family, income, assets, etc.), and collection of bills was pursued to the extent possible. Unpaid bills were absorbed in the County's total cost of operating the hospital and clinic. With the advent of Medi-Cal, a number of indigent patients became eligible for care paid for by State and Federal funds. When the University took over the hospital, it instituted more sophisticated accounting procedures in harmony with the Transfer Agreement negotiated with the County, which spelled out the share of costs the County would assume for medical care for undocumented immigrants. These included communicable disease services requested by the Health Officer, emergency cases, services to custodial patients, and limited outpatient services based on a "two-visit" formula. In addition, the County agreed to pay for some other services for undocumented immigrants if the County gave prior approval for treatment.

Shortly after the University took over the hospital and the clinic, it became obvious that the cost of providing care for indigent patients would be much higher than expected, and it was believed that much of the

excess costs were for medical services for noncitizens. The Transfer Agreement was administratively interpreted in an effort to identify these patients, and the County specified a number of out-patient services for undocumented immigrants which would not be given prior approval. In-patient treatment was authorized on an individual basis only for those whose condition would become an emergency if not treated promptly, and maternity cases were treated as emergencies. The University found that it was overspending its limited budget designated for "teaching cases" and requested additional funds from the County. This prompted the Board of Supervisors to ask the County Counsel for an opinion of the County's legal responsibilities for care of undocumented immigrants and to request an estimate of the County's annual cost for this care.

It was the opinion of County Counsel that the County is authorized, but not required to provide medical care to undocumented immigrants except as specified in the Transfer Agreement, and this responsibility could be terminated with a one-year notice. Using figures of patient billings received in March, 1977, the County Medical Services Administrator projected an annual cost to the County of \$4.4 million. At this point, the Board of Supervisors created a citizens' task force "...to study the question of medical care for illegal aliens." (Resolution #77-863)

Before the Task Force could assemble, the County Medical Services Administrator issued a directive stating that from June 20, 1977, indigent patients who were not citizens of the U.S. and did not have legal resident status would be referred to a County Eligibility Worker to apply for Medi-Cal. If these patients signed the Alien Status Verification

form (WR-6) stating that they were not under orders of deportation, the forms would then be forwarded to the INS for verification of their resident status. The directive also stated that those undocumented immigrants who refused to apply for Medi-Cal and sign the WR-6 form would be considered "uncooperative" and would be billed for services at 100% of the County's cost, without benefit of a sliding scale. Moreover, the names and addresses of these "uncooperative" patients would be forwarded to INS. The directive stated that the INS apparently did not have the manpower to act on this information.

There has been much resistance to applying for Medi-Cal by those whose resident status is unclear. According to a communication from Dr. J. R. Elpers of the County Health Agency Administration, from June through November, 1977, of a total of 1,316 undocumented immigrants who had been referred to County Eligibility Workers for Medi-Cal applications, 1,122 refused to apply. Forty applications had been approved and 139 were pending. Dr. Elpers reported that they have no information that anyone who applied has been contacted by INS or subjected to deportation because of being reported since the new procedure was instituted. However, there are indications that the INS has followed up in some cases.

In one case, the INS began deportation proceedings (later suspended) against a 93-year old undocumented immigrant who has been in the United States since 1923. The proceedings began after the individual had signed a Medi-Cal application at the UCI Medical Center and thereupon had his name sent to INS.

Furthermore, there are indications that undocumented immigrants may be avoiding seeking medical services because of County policies. For the fiscal year

1976-77, 25% of the patients who received medical care at the Community Clinic were classified as undocumented immigrants. From July, 1977 through September, 1977, this increased to 27%. The peak occurred in the month of September with 29% of the total patient load being classed as undocumented immigrants. The following months, however, showed a sharp decrease in the percentages of undocumented immigrants receiving care at the clinic: October, 24%; November, 18%; December, 17%. These figures seem to indicate that undocumented immigrants are being frightened away from seeking medical services.

There are many factors which add to the confusion over the identification of undocumented immigrants. At UCI Medical Center, each entering patient is interviewed upon admission (or as soon as possible in emergency cases) to determine essential identification, including residence, nearest relative, place and date of birth, financial responsibility and citizenship. The patient who speaks Spanish is usually interviewed by a Spanish-speaking intake worker. The intake worker is not able to delve too deeply into the precise status of residence, and in many cases the patients are uncertain of their status. One can be undocumented or "illegal" in at least 16 ways according to an HEW official.

At the time of intake, financial screening of undocumented patients who do not have insurance or who cannot meet a definite payment plan based on ability to pay are considered as indigents whose bill will be a County obligation. They are referred at once to a County Eligibility Worker at the hospital where they are urged to apply for Medi-Cal and sign the WR-6 form. The circumstances of "illegality" are not investigated and those who question how requesting Medi-Cal assistance may affect their legal status are told to

inquire at Catholic Welfare Services, a private social service agency.

Since the hospital and clinic ordinarily treat patients while the process of determining how the bill will be paid continues, the University tends to cover the cost of providing much medical care and treatment with funds allocated for "teaching cases". Patient confidentiality makes it difficult to determine how many patients fall in this category and for what conditions these funds are used. It is also impossible to find out what follow-up there is for patients who are referred to a public health clinic for continuing care. It can be assumed that the problems of access, hours of service, language barriers, fear, and unfamiliarity with the available services keep many undocumented immigrants from obtaining the care they need.

When the hospital was sold to UCI, a special collections unit was established in the office of the Auditor-Controller primarily to try to collect some of a large backlog of patient bills owed to the County when it owned the Medical Center. This collection office is still staffed with temporary positions and lacks sufficient Spanish-speaking personnel. Patients with delinquent bills are notified by letter that the bill is owed to the County. It is expected that these individuals will make arrangements for meeting their obligations by contacting the appropriate office. Efforts are made to collect on insurance (if there is any) and some bills are sent to small claims court. But the costs of collection are high in proportion to the amount collected. Moreover, in contradiction to a letter to the Task Force from Dr. Elpers, the Medical Collections Office reports that overall, the undocumented immigrants are much better at meeting their financial obligations than other indigents. These people may not pay their bills immediately, but because of the INS requirement that they cannot owe any money to a government agency, they pay when they apply for legal residence.

The costs incurred by the County in providing medical care for undocumented immigrant patients are real costs that all County taxpayers bear. The Committee on Medical Costs and Statistics offers these evaluations in the hope that future efforts to project annualized cost estimates for delinquent undocumented immigrant medical care will reflect a more complete picture of these incurred costs. The committee realizes the administrative hardships involved in gathering and evaluating data which has never been gathered before. However, the accuracy of this data must reflect the methodological assumptions under which it was obtained.

COMMITTEE ON HEALTH NEEDS AND PUBLIC POLICY

The purpose of this committee was to investigate the health needs of the undocumented immigrant population of Orange County and to assess the possible long-term health effects of the present public policy regarding medical services for the indigent among the undocumented population.

1. Situation in Orange County Today

The majority of the undocumented immigrant population is young and from Mexico. They come to California in search of jobs and wages that are simply unavailable in Mexico. They come from rural areas where poverty and inadequate facilities preclude satisfactory medical care. Particularly, they are unlikely to have received the preventive vaccines for the communicable diseases urged by the U.S. Department of Health for all members of society early in infancy.

Having left conditions of poverty and inadequate medical care, they find similar circumstances on their arrival in California: poor and crowded housing, wages that are considered low in the United States, and other problems that are related to poverty. Medical authorities agree that they bring with them high levels of intestinal tract disorders such as shigellosis, salmonellosis and ameboid infestations. Another companion of poverty, tuberculosis, is present to a distressing degree, not only among the new immigrants from Mexico, but among recent arrivals from many Asian countries.

The Physicians' Bulletin issued by Orange County Public Health and Medical Services for September, 1977, reports a 57% increase in extrapulmonary tuberculosis since 1976. The report illustrates the "ripple effect" of this insidious disease, which in the instance described, was first detected in a six-year old Hispanic child in March, 1977:

Thirty persons in a large constellation of immediate family were skin tested. All 30 showed positive tuberculin reactions, including a two-year old female who ultimately was diagnosed as having miliary and meningeal tuberculosis. Next, 82 schoolmates were tested, of whom 47 had positive tests. Two had clinical pulmonary tuberculosis. Thirty-one contacts of these two new cases produced eight more positive tuberculin reactors. As high risk candidates, all 116 close contacts to the four cases were offered IHN chemoprophylaxis.

Further, this same agency reports that in the same time span, Orange County experienced a 47% increase in the incidence of salmonellosis; a 14% increase in the frequency of infectious hepatitis; a 53% increase in rubella and a 153% increase in syphilis. By November, 1977, salmonella infection rose to 49%; infectious hepatitis to 16%; and with the temporary assignment of three Federal venereal disease investigators from other health jurisdictions, there were detected sufficient cases of primary syphilis in Orange County to send the reported rate to 221%.

None of these unfavorable consequences would be expected when adequate treatment is forthcoming; nor would any of the infectious diseases listed continue if simple medical care were utilized.

Nevertheless, since residency in the United States is extremely tenuous for the undocumented immigrants, they tend to live in continuous fear, avoiding any encounters with governmental agencies since their experience suggests that such agencies threaten their fragile grip on U.S. residency. Unless strongly assured otherwise, they have no reason to separate medical facilities from other agencies, which, in fact, do threaten them. Involving medical personnel in what are fundamentally immigration service matters as has been done and is being done at the UCI Medical Center confirms the suspicions of the undocumented immigrant, both those who can pay and those who cannot. Needless to say, such a policy exacerbates the problem of making

adequate medical services available, a state of affairs that adversely affects the entire Orange County population among whom the undocumented are widely dispersed.

When poverty dominates one's life, a chronic cough could mean tuberculosis; a series of intestinal symptoms may mean shigella or salmonella disease. When recourse to proper medical services is made difficult and even curtailed, either on account of the undocumented immigrant's fear or by reason of public policy excluding them from services, the undocumented person tends to let the matter lie. Understandable conditions will only get worse, possibly requiring the emergency services that the County by contract must provide without question. Hence, what was a simple condition requiring relatively small expense becomes a large matter adversely affecting all taxpayers. The newly-arrived immigrant finds work predominantly in agriculture, unskilled factory work or in restaurants, hotels, domestic employment, and other service occupations, generally at minimum wage levels. Consequently, housing, nutrition, sanitation and related aspects of life are consistently below levels required for sound health maintenance. (See Orange County Human Relations Commission Report on Labor Camps in Orange County). The undocumented immigrants, therefore, are a population in dire need of all the technological advances achieved by modern health facilities.

Providing adequate health care for undocumented immigrants is a matter of vital concern to all citizens of Orange County. It is an axiom of the health profession that the health of the entire society depends on the health of each and every one of its parts. From the point of view of sound and responsible health policy, it is self-defeating to take measures to deprive persons of medical attention they really need. Those who can

pay for the appropriate medical services should be encouraged to take care of their needs. But, by the same token, those who cannot afford them should not be discouraged from seeking medical services--and this, not from altruistic motives, but out of simple prudence. As Dr. Jean Carlin, Assistant Dean of the College of Medicine at the University of California, Irvine, has observed: "Sick people not getting care is not good for other people."

Unfortunately, the prevailing atmosphere tends to act in precisely the opposite direction, reducing encounters with medical facilities to critical emergencies and to infant delivery without prenatal and postnatal care. All children born within the borders of the United States automatically become U.S. citizens, with all the attendant rights and privileges. The costs that can be saved by encouraging simple prenatal care are immense and cannot be compared to the relatively insignificant costs involved in paying for the services rendered the indigent whether here legally or not.

In illustration of this fact, from Dr. William B. Thompson, former Director of the Obstetrics and Gynecology Department of UCI, we learned the following: Between 1968-1969, 9,763 women were given prenatal, outpatient care at UCI. The infant death rate was 32 per 1,000 deliveries. By 1976-1977, 19,154 women were being seen, but the fetal wastage and stillbirth rate had been better than halved, at 11.9 per 1,000. These impressive data revealed an increased ability to avoid many of the former disasters of childbirth. For our purposes, it should be stressed that the reductions in mortality are accompanied by equivalent reductions in the births of defective children, particularly those resulting from inadequate prenatal care.

Statistically, for every stillborn child, there is born one severely damaged infant, one that must be institutionalized for life, plus two moderately defective children, such as those with mild retardation, moderate cerebral palsy, etc. Adequate prenatal care for potential U.S. citizens can never be considered acts of charity; on the contrary, such precautions constitute one of the most hard-headed financial investments available to the County taxpayers.

The undocumented population is, then, in medical parlance, a population of high risk. This is a population lacking adequate immunization for preventable, communicable diseases. This is a group whose conditions of life in the country of their birth, as well as in the United States, expose them to greater than average risk of acquiring preventable and treatable diseases. And these same people are in daily contact with this country's more fortunate majority--contact with the food eaten daily, the beds made, the homes cleaned, and the children tended.

Relevant Public Health Principles

A basic finding derived from centuries of public health experience is that a disease prevented or corrected early is infinitely less hazardous and less costly than one that has been contracted or has escaped detection or treatment. Although most illnesses are equally traceable to socio-economic conditions as they are to bacteria, viruses and other micro-organisms, the latter agents of disease ignore borders and legalistic niceties.

Human medical history is filled with examples supporting these contentions. One need only consider the relative costs of maintaining a safe water supply compared with the devastating impact of epidemics of typhoid, cholera and related diseases which formerly were quite common. There is a vast difference

between the costs of preventing illnesses versus the costs of curing them once contracted. That principle applies to the population of undocumented in Orange County as it does to everyone else. Similarly, we do not question today the appropriateness of proper sewage disposal in view of the serious diseases that are derived when such disposal is absent. Yet, not many decades ago, these were matters for vigorous debate.

The savings in terms of human life, medical expenses and attendant misery since the implementation of effective vaccines for poliomyelitis, measles, smallpox, whooping cough, diphtheria, tetanus and German measles defy quantification when one compares the relative costs of preparing and administering these vaccines as opposed to the costs of treatment, medication, hospitalization, work lost and morbidity when these relatively simple preventive measures are neglected.

As one example, prior to 1963 more than 500,000 cases of measles were reported each year in the United States. After the introduction of an immunization program, within ten years cases dropped to 25,000-50,000, a decrease of more than 90%. With the decrease in infection, there was a corresponding decrease in the number of post-measles encephalitis (see Krugman, 1977) which frequently does irreparable brain damage. Lave and Lave estimate that the measles vaccine program has a benefit-cost ratio of 10-1.

Similarly, before rubella (German measles) vaccines were put into widespread use, epidemics occurred approximately every six to nine years. Lave and Lave estimated that the economic toll for the rubella epidemic of 1965-66 was more than \$1.5 billion. The child born to an unprotected mother who contracts rubella is likely to suffer gross disabilities such as cataracts, deafness, congenital heart disease and/or mental retardation. (See Schoenbaum, et al., 1976) In addition to the suffering and damaged existence experienced

by these children and their families, someone eventually has to pay for the expensive surgery, special schooling and associated costs.

According to Schoenbaum, et. al., it has been estimated that 10% of all women who contract rubella at any time during pregnancy-- or 30% of women who have rubella during the first three months-- will have a baby with one or more of the congenital rubella defects. The cost of rubella and measles vaccine, administered together, is less than \$5.00 (Bader, 1977, states that current Federal government price for measles-mumps-rubella vaccine is about \$2.40 per dose.) The cost in 1975--when costs were considerably less than today-- was estimated by Schoenbaum, et al. (1976) to be five days in intensive care, plus an extra five days in the hospital, or approximately \$1,350; for the child born with moderate hearing impairment, an estimated \$8,000 per year will be required for 10 years. For the child born totally deaf (about 25% of congenital rubella children), 20 years of expensive special schooling is required; for the 20% of congenital rubella children with cataracts, about \$1,000 per cataract was required in 1975, with a failure rate of some 15% resulting in permanent blindness. For the child born with heart damage, surgery costing more than \$5,000 might be required and the list goes on. None of these tragedies happen if the mother is immunized.

It is, therefore, a reasonable and totally justified conclusion that Orange County's failure to attend to expectant mothers who are not legal residents and who are indigent will cost the County dearly in the form of expensive care for the defective babies--U.S. citizens--who eventually will be born under these conditions. Likewise, it is never fiscally responsible to deny simple preventive medical procedures to anyone in society for the reasons just outlined above. To affirm that one is saving the taxpayers' money by denying this type of medical service to the indigent undocumented is simply

unsubstantiated by the facts.

Many medical conditions, for example, tuberculosis, syphilis, and gonorrhea are not yet preventable through immunological techniques. Nevertheless, in their early stages, the vast majority of cases respond readily to comparatively simple, inexpensive but effective treatment. Primary syphilis, for example, is cured by the administration of 2.4 million units (one or two injections) of penicillin. The cost of the treatment, when delivered by the Public Health facilities is less than \$5-\$10.00 per person.

On the other hand, when this disease is not treated, it can be expected to move inexorably in a number of years to its tertiary stage, at which time it is likely to cause severe central nervous system damage that renders the individual dependent upon or in need of institutionalization. The cost of caring for such persons approximates \$25,000-\$30,000 per year in California. (Interview with Mr. Robert Monroe, Fairview Hospital, Costa Mesa, California.)

Likewise, a pregnant woman who had contracted any of these diseases, and who has not been treated, is very likely to produce a child who is scarred with severe and irreversible birth defects. Passage through a birth canal infected with gonorrhea has long been a major cause of blindness in the United States; growth in a uterus infected with syphilis can be responsible for severe heart, brain, liver, spleen and eye damage.

The mother harboring tubercle bacilli is unlikely to be able to provide adequate nourishment for that child within her, particularly in the last months of pregnancy when critical brain development occurs (Cravioto, et. al., 1969). The relative costs in dollars of early detection and treatment compared with the consequences of untreated pregnancies soars to ratios similar to those cited for rubella. The costs in human waste and suffering

defy simplistic measurements.

The laws of California and most of the rest of the United States recognize these facts, and for years have required pre-marital testing for syphilis and, for the woman in the reproductive pair, tests for acquired immunity to rubella. In addition, the law requires that babies born in accredited hospitals routinely must have silver proteinate administered to avoid the possibility of gonococcal blindness. These procedures have been instituted to circumvent the tragedy and expense that follow untreated cases. Simple as they are, these procedures have been responsible for the prevention of inestimable misery and for the savings of billions of dollars. The only problem is that the patient must be reached in time, and this requires that the patient must have medical facilities that he or she is willing to use.

In like manner, California law requires that every child born in a hospital must be tested for the genetic deficiency that results in the condition known as "PKU" (phenylketonuria) disease. Children born with this deficiency will suffer irreparable brain damage unless recognized in the first months of life and treated with a special diet. Unfortunately, optimal testing is achieved only after the child is a few weeks old. Therefore, accurate detection depends upon a return visit after mother and child have been discharged from the hospital.

If the deficiency is discovered, in most cases the child can experience normal growth and development if maintained for a few years on a prescribed diet. However, if the disease is not recognized in time for treatment to be instituted, irreversible brain damage ensues, producing a non-functional citizen who inevitably becomes a public charge, and again we confront the figures of \$25,000-\$30,000 for each year of institutional care. In monetary

terms alone, therefore, lack of detection and treatment of this one condition can result in a cost to the public of over \$1,000,000 for the undetected PKU patient who lives to be only forty years of age. In humanitarian terms, how does one calculate the cost to the family?

Orange County Actions

As of June, 1977, undocumented immigrants unable to pay the costs of health care have been encouraged to apply for Medi-Cal. The application procedure involves sending a form to the Immigration and Naturalization Service requesting verification of immigration status of those who lack adequate documentation. In addition, those who refused to apply for Medi-Cal had their names collected for referral to the INS. In effect, therefore, under this directive, the seeking of medical care from public agencies became synonymous with the threat of deportation.

In the Summer of 1977, County Medical Services Administration entered into a Protocol with the Mexican Consul General in Los Angeles whereby Mexican Nationals at UCIMC with long term acute medical problems might be transferred to an appropriate medical facility in their homeland. As a result, the Consul and his agents visited and questioned certain of these patients. This measure provoked a strongly negative reaction from some of these patients and from the medical staff, since the patients had not requested that their names be turned over to the Consulate. Although part of the stated attempt of the Protocol was to protect the rights of Mexican Nationals, it appears to have had the opposite effect in the opinion of Dr. Van den Noort, Dean of the University of California, Irvine, College of Medicine, and medical staff. It created an atmosphere of intimidation and fear and was construed by UCI Medical staff as a serious breach in the doctor-patient relationship.

Within the tightly-knit community, word spread quickly about the danger of visits to health centers. Many people seemed to have heard of someone who had been deported when they had sought help or of someone who had been summoned by the immigration authorities after seeking treatment at a health center. These conditions were further exacerbated by stories of patients at the UCI Medical Center who, although in a critical state, had been reported to the INS and subsequently deported. The situation became one in which fact and fear became inseparably intermeshed.

Given the pressures of the medical community to implement what are essentially immigration service functions, a reaction emerged typified by the statement made by the Dean of the UCI College of Medicine, Dr. Stanley Van den Noort, : "As an individual, my response to the actions of the County in the past six months as it pertains to medical care for uncertified aliens is one of disgust, shame and anger."

Although the Public Health Department and some community clinics considered the County policy unwise or inapplicable to them, and consequently ignored the directive, it is quite reasonable to assume that people unschooled in the intricacies required to differentiate one government agency from another were left with only one alternative. The only "safe" course of action was to avoid any health service whenever possible. Although the Orange County Public Health and Medical Services continued to conduct immunization programs, even moving into the communities, it can be expected that the fear generated by the directive has constrained threatened parents of U.S. citizens from utilizing these services as well as all others--a state of affairs which, if uncorrected, will be paid for dearly by the Orange County taxpayers. Already, in the past few months, three infants have been born in Orange County with congenital syphilis.

The evidence suggests that the mixing of medical services and INS enforcement may have produced over the Summer of 1977, a shift of undocumented immigrant patients from the UCI Medical Center to the Community Clinic, where the aforementioned policies were not being rigorously enforced. An increase was experienced by the Community Clinic shortly after implementation of the directive by UCI, so that in July, August and September, 1977, visits by undocumented immigrants rose from the annual average of 24.4% to 27.8%, 27.7% and 29.1% respectively of all clinic patients. By October, when sufficient time had elapsed for word to spread, the panic effect had begun.

There was experienced a concomitant drop in clinic attendance, so that from October through December of 1977--months that are generally medically active--utilization of the Community Clinic by undocumented patients plummeted to 24.4% in October, 17.8% in November, and 17% in December. There is no evidence to suggest that the population of undocumented immigrants had decreased in this time period. In addition, the communicable disease data cited indicate sharply rising rates of medical conditions in need of treatment.

The evidence points to an extension of the fear of deportation in association with the seeking of medical help, extended to the Community Clinic, thus producing the dangerous situation in Orange County of untreated sick and potentially infectious people. How many sufferers of the treatable and potentially communicable conditions discussed, who simply avoided medical care, will be known only when these conditions become emergencies of a life-threatening nature, or when these preventable diseases begin to be experienced by the "legal" members of the community. The parasites responsible for disease recognize none of the residency legalities under debate.

The results of the directive will be felt by all of the residents of Orange County and by the California taxpayers for many years to come. The burden of illness, birth defects and damaged lives may eventually move into the annals of public health journals as prime examples of the results of inadequate public policy. Scarred lives and vastly increased health care costs will be reminders of the failure of agencies who, with good intentions, devised an unworkable, uneconomical and medically-unsound policy. Unless corrected, the costs in dollars over the years will reinforce the lessons to be learned, when inappropriate public policies are introduced in a stop-gap fashion without careful consideration of their consequences.

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TASK FORCE RECOMMENDATIONS

- I. SPECIFIC COST SAVING RECOMMENDATIONS AIMED AT UCIMC - ORANGE COUNTY COLLECTION EFFORTS.
 1. The County initiate a policy to encourage patients to establish payment schedules to be submitted to both the County and University collection agencies at the point of initial financial screening rather than five or six months after medical services have been rendered. This should increase the effectiveness of hospital collection efforts and decrease the workload of the County Medical Collections Office.
 2. The County disseminate the information that an undocumented immigrant may pay for medical services received at UCIMC or the Community Clinic of Orange County through a payment plan without risk of being declared a "public charge". When the INS declares an individual to be a "public charge" or a "potential public charge," it becomes virtually impossible to acquire legal residence documentation. Once it is understood that a payment plan based on net income may be established, individuals will have an incentive to: a) seek proper medical attention for themselves and their families; b) seek such attention in a timely manner; c) continue toward the goal of legal documented status; d) pay their bills in full. This should have a salutary economic effect on the County.
 3. The Board of Supervisors give the County Medical Collections Office a permanent mission.
 4. The Medical Collections Office hire expert bilingual personnel as permanent employees who could be trained as expert financial counselors.
 5. A bilingual attorney and a bilingual investigator be appointed to

follow-up on all patient work-related or tort-related injuries where the liability for medical expenses might be recovered from the second or third party.

This could result in a sizable recovery of medical costs.

- II. THE BOARD OF SUPERVISORS SUPPORT LEGISLATION DESIGNED TO REMOVE LOCAL PROPERTY TAXES AS A SOURCE OF FUNDING FOR PUBLIC SOCIAL SERVICES, INCLUDING AFDC, MEDI-CAL AND ALL MEDICAL COSTS ASSOCIATED WITH THE UNIVERSITY OF CALIFORNIA, IRVINE, MEDICAL CENTER CONTRACT.

Rising social welfare costs are more appropriately borne by a progressive tax structure. Local property taxes are computed on a fixed rather than a progressive basis. Support should be given to place the full burden of escalating social costs (particularly those dealing with medical services delivery) onto progressive State and Federal tax systems, thereby removing the local property taxpayer as an inappropriate link in this funding chain.

- III. MEDICAL SERVICES AND THE ENFORCEMENT OF IMMIGRATION LAWS SHOULD BE SEPARATE AND INDEPENDENT OF ONE ANOTHER.

Based upon the data at hand, it is reasonable to conclude that a clandestine population will tend to avoid contact with providers of medical services when it is perceived that as a prerequisite for such services a legal status check will be made followed by possible deportation procedures. Aside from the accuracy of such perceptions and the questionable humaneness of the mixture of police and medical services, a basic economic factor must be considered. Orange County has a substantial investment in the health of its residents. It is not in the interests of either the County or its residents to risk this investment along with the current high level of health and healthful conditions enjoyed by Orange Countians in order to save a net sum of money

considerably less than the original investment. Specific recommendations in this area are the following:

1. When suspected undocumented immigrants are interviewed regarding Medi-Cal, they should be given a complete explanation of the possible consequences of the INS verification procedure.
2. The State and Federal governments be urged to discontinue the alien status verification procedure for indigent applicants for medical assistance.
3. The County not provide to INS lists of suspected undocumented immigrants who refuse to apply for Medi-Cal and who do not arrange a payment schedule.
4. The undocumented immigrant patient be treated as any other patient in a medical facility; that is, that residence status play no role in the securing of medical treatment, or result in special and discriminatory billing, collection, or Medi-Cal referral practices.
5. Consuls or their agents from foreign countries never be brought into areas of patient care, except at the specific request of the patient.

IV. RESIDENT UNDOCUMENTED IMMIGRANTS BE ENCOURAGED TO INVESTIGATE/APPLY FOR LEGAL RESIDENT STATUS.

Many undocumented immigrants may be eligible for legal status through any of the exceptions and complexities of immigration law;

for example, length of U.S. residence, nature of employment, never having been a "public charge," absence of a police record, and so forth.

Passage from illegal to legal status creates certain benefits for society as well as the individual, including: 1) reduction of our uncounted population in hiding; 2) the transformation of already responsible and productive residents into fully participating members of society no longer to be hampered by the fear of discovery and deportation; 3) increased revenues to be derived from those unencumbered and free to openly begin climbing the economic ladder; 4) a reduction in social unrest.

V. THE PUBLIC BE EDUCATED IN AND PROTECTED AGAINST THE GROWING RISKS TO ITS HEALTH.

1. An active media campaign should be initiated by the County which would inform all segments of our society about the need for prompt treatment and immunizations for contagious diseases. Pamphlets, fliers, and fact sheets can be prepared in English, Spanish, Vietnamese, Laotian, and Cambodian and be distributed at various localities of high population density, such as schools, churches, shopping malls, and grocery markets.
2. The following services should be provided by all medical clinics receiving support by the County of Orange: prenatal care, family planning, well-child services, non-emergency venereal disease tests and treatment, tuberculosis tests and treatment, and neonatal patient services.

3. Mobile medical van systems should be introduced into high health risk communities of the County to augment those operated by the Health Department.

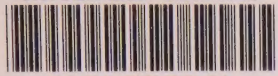
4. Outreach clinics of the Community Clinic of Orange County should be established to reach affected segments of the population on a permanent basis. Public transportation should be made available in those communities which lie beyond easy access to the established clinics.

VI. THE IMMIGRATION AND NATURALIZATION SERVICE BE REQUESTED TO ESTABLISH A LOCAL ORANGE COUNTY OFFICE.

Orange County has a sizable and growing number of immigrants within its boundaries. The nearest INS office is in Los Angeles. It would be beneficial to Orange County to have an office located within and geared to the needs of this County.

(Since this report was drafted, the INS opened what may be a permanent office in Orange County).

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